

# State of South Dakota

EIGHTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2012

966T0605

## HOUSE BILL NO. 1225

Introduced by: Representatives Lucas, Abdallah, Blake, Bolin, Brunner, Dennert, Elliott, Fargen, Feickert, Gibson, Hunhoff (Bernie), Iron Cloud III, Jones, Killer, Kirschman, Kloucek, Schrempp, Sigdestad, Sly, Street, Stricherz, and Wismer and Senators Sutton, Bradford, Buhl, Cutler, Frerichs, Hundstad, and Schlekeway

1 FOR AN ACT ENTITLED, An Act to revise the distribution of earnings from the education  
2 enhancement trust fund, and to establish the teacher compensation enhancement program.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 4-5-29.2 be amended to read as follows:

5 4-5-29.2. Pursuant to S.D. Const., Art. XII, § 6, the state investment officer shall determine  
6 the market value of the education enhancement trust fund as of December 31, 2003, and each  
7 calendar year thereafter less the investment expenses transferred pursuant to § 4-5-30. The state  
8 investment officer shall calculate an amount equal to four percent of that market value, without  
9 invading principal, as eligible for distribution. For the purpose of this section, the term,  
10 principal, means the sum of all contributions to the fund. Beginning with the distribution in  
11 fiscal year 2008, the market value shall be determined by adding the market value of the trust  
12 fund at the end of the sixteen most recent calendar quarters as of December thirty-first, and  
13 dividing the sum by sixteen. ~~Upon notice of that amount by the state investment officer, the state~~



1 ~~treasurer shall transfer the amount from the education enhancement trust fund to the state~~  
2 ~~general fund as soon as practicable after July first of the next fiscal year. The state investment~~  
3 ~~officer shall apply the 2012 calendar year inflation rate to the principal balance as of~~  
4 ~~December 31, 2012, to calculate the inflation adjusted principal. Each year thereafter the~~  
5 ~~inflation adjusted principal will be adjusted for the calendar year inflation rate. For the purposes~~  
6 ~~of this Act, the calendar year inflation rate shall be established by the South Dakota Investment~~  
7 ~~Council and may be based on the annual percentage change in the consumer price index as~~  
8 ~~determined by the Bureau of Labor Statistics of the United States Department of Labor.~~  
9 ~~Beginning with the distribution in fiscal year 2014, the state investment officer shall determine~~  
10 ~~the following:~~

- 11       (1) The market value of the trust fund at the end of the sixteen most recent calendar  
12             quarters as of December thirty-first, and divide the sum by sixteen; and  
13       (2) The current December thirty-first market value of the fund.

14       The lesser of subdivision (1) and subdivision (2) of this section, shall be reduced by the  
15 amount eligible for distribution as determined in § 4-5-29.2. The remaining amount that exceeds  
16 the greater of the principal or the inflation adjusted principal shall be distributed to the teacher  
17 compensation enhancement program established in section 2 of this Act.

18       Upon notice of the amounts by the state investment officer, the state treasurer shall transfer  
19 the funds from the education enhancement trust fund to the state general fund and the teacher  
20 compensation enhancement program fund as soon as practicable after July first of the next fiscal  
21 year.

22       Section 2. There is hereby established the teacher compensation enhancement program to  
23 be administered by the Department of Education. The purpose of this program is to provide  
24 compensation enhancements to certified teachers in public schools in the state for any fiscal year

1 that the state investment officer determines available earnings in the education enhancement  
2 trust fund as provided in section 1 of this Act. For the fiscal year beginning on July 1, 2013, and  
3 for each fiscal year thereafter, the secretary of education shall distribute, through the normal  
4 budget process as set forth in § 4-7-9, any funds available for the teacher compensation  
5 enhancement program pursuant to section 1 of this Act to each school district based on a prorata  
6 share of the total certified teachers. Notwithstanding any collective bargaining agreements, each  
7 school district shall then distribute the funds received to the certified teachers employed in the  
8 school district. For purposes of this Act, any money provided to a certified teacher employed  
9 in a school district shall be in addition to the teacher's regular annual salary and may not be used  
10 to supplant any portion of the certified teacher's salary.